

**Final Statement of Reasons for  
Adoption of Proposed Amendments to California Code of Regulations,  
Title 18, Sections 4601, *Service of a Notice of Violation or Warning Notice*,  
4603, *Penalties for Licensed or Unlicensed Retailers*,  
4604, *Penalties for Licensed or Unlicensed Wholesalers and Distributors*, and  
4605, *Penalties for Licensed or Unlicensed Manufacturers and Importers***

Update of Information in the Initial Statement of Reasons

The factual basis, specific purpose, and necessity for, the problems to be addressed by, and the anticipated benefits from the proposed amendments to California Code of Regulations, title 18, sections (Regulations) 4601, *Service of a Notice of Violation or Warning Notice*, 4603, *Penalties for Licensed or Unlicensed Retailers*, 4604, *Penalties for Licensed or Unlicensed Wholesalers and Distributors*, and 4605, *Penalties for Licensed and Unlicensed Manufacturers and Importers*, are the same as provided in the initial statement of reasons. However, the Board, pursuant to Government Code section 11346.8, subdivision (c), added a comma after the reference to Business and Professions Code section “22974.3” in subdivision (f) of the text of the proposed amendments to Regulation 4603 and changed the period following the number “5” to a comma in subdivision (a)(3) of the text of the proposed amendments to Regulation 4604 to make the text of both regulations grammatically correct. The Board did not make any other changes to the text of the proposed amendments to Regulations 4601, 4603, 4604, and 4605.

The adoption of the proposed amendments to Regulations 4601, 4603, 4604, and 4605 was not mandated by federal law or regulations and there is no federal regulation that is identical to Regulation 4601, 4603, 4604, or 4605.

The Board did not rely on any data or any technical, theoretical, or empirical study, report, or similar document in proposing or adopting the amendments to Regulations 4601, 4603, 4604, and 4605 that was not identified in the initial statement of reasons, or which was otherwise not identified or made available for public review prior to the close of the public comment period.

In addition, the factual basis has not changed for the Board’s initial determination that the proposed regulatory action will not have a significant adverse economic impact on business and the Board’s economic impact analysis, which determined that the Board’s proposed regulatory action:

- Will neither create nor eliminate jobs in the State of California;
- Nor result in the elimination of existing businesses;
- Nor create or expand business in the State of California; and
- Will not affect the health and welfare of California residents, worker safety, or the state’s environment.

The proposed amendments may affect small business.

### No Mandate on Local Agencies or School Districts

The Board has determined that the adoption of the proposed amendments to Regulations 4601, 4603, 4604, and 4605 does not impose a mandate on local agencies or school districts.

### Public Comments

The Board did not receive any written comments regarding the proposed regulatory action and no interested parties appeared at the June 11, 2013, public hearing to comment on the proposed regulatory action.

### Determinations Regarding Alternatives

By its motion, the Board determined that no alternative to the proposed amendments to Regulations 4601, 4603, 4604, and 4605 would be more effective in carrying out the purposes for which the amendments are proposed, would be as effective and less burdensome to affected private persons than the adopted amendments, or would be more cost effective to affected private persons and equally effective in implementing the statutory policy or other provisions of law.

Further, the Board did not reject any reasonable alternatives to the proposed amendments to Regulations 4601, 4603, 4604, and 4605 that would lessen any adverse impact the proposed amendments may have on small business or that would be less burdensome and equally effective in achieving the purposes of the proposed amendments. No reasonable alternative has been identified and brought to the Board's attention that would lessen any adverse impact the proposed action may have on small business, be more effective in carrying out the purposes for which the action is proposed, would be as effective and less burdensome to affected private persons than the proposed action, or would be more cost effective to affected private persons and equally effective in implementing the statutory policy or other provision of law than the proposed action.

Furthermore, the Board anticipates that the public, including regulated persons, will benefit from the increased openness and transparency regarding the procedures for the service of all notices required under the Cigarette and Tobacco Products Licensing Act (Act), which are included in the proposed amendments to Regulation 4601. The Board also anticipates that the Board and regulated persons will benefit from the proposed amendments to Regulations 4603 through 4605 because they establish a fair, 5-day suspension period to address such situations where a 10-day suspension is too harsh, a 0-day suspension would not be sufficient to deter violations of the Act, and a suspension period of 5 days would be more appropriate.